FOREIGN AGRICULTURE

Bee gathering nectar, USSR

U.S. Soybean Exports To Stage Comeback

World Food Prices

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A bee in the Soviet Union, a major honey producer, sips at a bloom. World honey production in 1975 will about equal that of 1974, but U.S. imports will continue to climb. Article is on page 12.

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U.S. Soybean, Meal Exports To Stage Comeback in 1976

By ALAN E. HOLZ
Foreign Commodity Analysis, Oilseeds and Products
Foreign Agricultural Service

A REBOUND in overseas demand for U.S. soybeans and meal is anticipated in 1976, which could propel U.S. exports sharply upward to nearly 15 million tons, soybean meal equivalent (SME)—8 percent over 1975's depressed level. Yet as a world supplier, the United States will not gain any ground, supplying just about half of world exports of oilseeds and meals (SME), compared with 59 percent in 1973 and 1974, owing largely to keen competition for world markets.

Despite the prospective export thrust, however, the abundant U.S. soybean crop at 1.52 billion bushels or 39.7 million metric tons, meal basis, could result in a further buildup of U.S. stocks, which even now stand at a high level. At the beginning of the U.S. marketing year, for instance, U.S. stocks of soybeans and meal amounted to 4.3 million tons, meal basis. As a result, U.S. soybean and product prices in 1976 may not accurately reflect the stronger foreign demand, although this will depend on how strongly U.S. producers hold their beans as stocks.

Worldwide, exports of all oilseeds and meals in 1976 are expected to resume their uptrend after the trade dip this year. Overall, export volume could be about 30 million tons—3 million over 1975's depressed volume. The anticipated sharp recovery is well above the 1.2-million-ton annual growth trend, pushed up largely by recent Soviet purchases of Brazilian soybeans.

U.S. exports are also slated to register a slightly above-trend increase of 1.1 million tons over 1975's reduced level, but volume will still be well below the 16.4 million of 1974. Next year, U.S. exports could recover strongly, however, if a significant buildup in stocks takes place in key foreign producer-exporter countries.

A major factor underlying the more optimistic export forecast is an anticipated recovery in oilseed meal consumption in top foreign importing countries. Foreign consumption of meal in 1976 is forecast to expand to roughly 51.6 million tons from 48.3 million this year. Not all of the expected gain in foreign availabilities is expected to move into consumption, however, since stock increases are likely in major foreign producer-exporter countries such as Brazil, India, Peru, and Canada.

Although prospects for growth in animal numbers overseas point to only a nominal gain in new meal demand, a number of offsetting factors suggest that foreign consumption of high protein meals could chalk up an above-trend gain in 1976.

First, the economic upturn that has already begun in the United States is likely to take hold soon in Europe and Japan, stimulating consumer demand for livestock and poultry products.

Livestock prices have already improved sharply relative to feed costs, and widened profitability margins usually mean stepped-up feeding rates. Unless an unforeseen spiral of inflation causes current economic recoveries to abort, meal demand is likely to bounce upward just as mysteriously as it failed to grow in 1974/75.

Further, grain harvests in Europe have been below-par this year. Thus, livestock producers in a number of countries may seek to feed increased quantities of "junk feeds," which are relatively low in protein. If this shift takes place, additional quantities of high protein meals will be required to balance these rations.

Also, meal prices have been relatively low in relation to grain prices, and this tight ratio would tend to stimulate meal feeding rates.

Another plus factor is the quality of the 1975 U.S. soybean crop—higher than last year's in terms of oil content—suggesting that the U.S. market share in certain countries may improve.

Some market indicators, however, are less certain; others may have a negative

impact on U.S. sales. In the European Community, for instance, legislation is under review to reduce permissible aflatoxin levels in mixed feeds. If enacted, this could stimulate soybean meal feeding at the expense of peanut meal, particularly in ruminant rations. A final decision is expected by mid-1976. On the other hand, use of high EC dried skim milk stocks in feed could dampen the growth in oilseed meal consumption there.

All in all, meal demand recovery will probably be skewed heavily to the second half of 1976. Athough the recovery has been spearheaded by a takeoff in soybean imports, as opposed to meal, this may reflect an effort to replenish stocks prior to the closing of Great Lakes ports. Also, crushing facilities are expanding in some European countries, causing a lean to raw material imports.

As the season progresses, however, poor crushing margins and ample supplies of palm and coconut oil in world markets may cause major importing countries to satisfy a sizable part of their growing protein requirements in the form of meal.

Evidence that meal consumption growth is resuming is provided by current data from five top West European markets and Japan, showing that combined imports of both soybeans and meal, as well as total oilseeds and meal, jumped sharply in September 1975. The combined import volume for soybeans and meal was the largest since December 1973. Soybeans accounted for 85 percent of the total upswing. And the aggregate gain in meal imports substantially exceeded any monthly increase during the past 2 years.

In response to a recent questionnaire, U.S. Agricultural Attachés in nine selected major markets appraised 1975/76 import requirements for soybeans and meal. Their projections suggested that imports into these nine countries may rise 7.7 percent to 15.6 million tons—equal to the protein fraction of 720 bushels of soybeans and 52 million above the 1974/75 volume.

In 1974/75, imports were restrained mainly by some cutbacks in animal numbers, reflecting both lower consumer incomes and relatively high feed costs, which reduced producer profits. Poor crushing margins caused these nine markets to import a larger share of their 1974/75 purchases as meal; combined imports of soybeans declined somewhat.

One relatively new tool for analyzing U.S. export demand is the weekly report on U.S. export sales. For 1975/76, sales as of October 26, 1975, compared with October 27, 1974 (in parentheses), were as follows (in 1,000's of metric tons): Soybeans: 4,911 (9,853); soybean oil: 82 (404); and soybean meal: 1,848 (611).

Apparently, foreign customers are now carrying much less forward cover for U.S. beans and oil, whereas outstanding export sales for meal this year are triple those of a year ago. The difference could reflect: Stronger foreign competition for oil relative to meal; an upturn in meal demand because of reduced grain output in some European countries; favorable price ratios for meal relative to grain; and expectations of further declines in U.S. prices for beans and oil.

Foreign customers, anticipating an abundant U.S. crop, had also been expecting selling pressure at harvesttime, as was the case. Now, however, the harvest is about over, and prices in late November began to strengthen. Despite large supplies, foreign consumers will soon be forced to increase their imports

WORLD OIL AND MEAL OUTPUT TO RISE

A 12 percent rise in world production of oilseeds and meals[1] is foreseen in 1976, with virtually all of the gain stemming from bumper soybean harvests, both in the United States and Brazil.

As of November 19, world output in 1976 was targeted at 70.4 million tons, soybean meal basis, assuming the following:

- The 1975 U.S. soybean crop may total 1.52 billion bushels or 30.9 million metric tons, meal basis, 5.9 million above 1974's reduced volume. In terms of exports, this could mean a 1-million-ton gain, meal basis.
- Brazil's 1976 soybean crop, just now being planted, is forecast at 11.5 million metric tons or 8.4 million tons meal basis—1.4 million above this year's estimated volume. The projected export gain is 1.1 million tons, meal basis.
- Expanding soybean crops in minor producing countries are expected to add another 500,000 tons of meal to world output. Exports of soybeans and meal from these countries are projected to gain by roughly 100,000 tons in 1976.
- Peru's 1976 fishmeal output is projected at 1 million tons—1.4 million tons, soybean meal basis, or only 150,000 tons above the estimated 1975 volume. This represents a cut of 450,000 tons, soybean meal equivalent, from the earlier projection. All of the gain in production is expected to move into export.
- India's 1975 peanut crop at 6.4 million tons (in-shell basis) represents 2.1 million tons, soybean meal equivalent—400,000 tons more than the previous year. About 300,000 tons more meal is expected to move into export in 1976.
- Canadian 1975 rapeseed production is estimated at 1.6 million tons —roughly 600,000 tons, soybean meal basis, and 200,000 more than last year. All of the expected gain will be available for export.
- Soviet 1975 sunflowerseed crop is not expected to exceed 5.5 million tons—equal to 1.7 million tons soybean meal and down at least 400,000 tons from the previous year. Since the Soviet Union is net deficit in high protein meals, net imports may rise to at least 1.2 million tons, meal basis. The Soviets have already reportedly purchased 1.5 million tons of soybeans from Brazil.
- U.S. 1975 cottonseed production is now estimated at 3.2 million metric tons or 1.1 million tons soybean meal equivalent. This represents a decline of 340,000 tons, meal basis, which will largely make room for more domestic consumption of soybean meal.

[1] **Includes estimates of Northern Hemisphere crops harvested in the second half of 1975, combined with forecasts of Southern Hemisphere crops yet to be harvested in the first half of 1976. Meal production data are calculated on the basis of assumed meal extraction rates applied to that portion of each crop that is available for crushing and/or export and not actual crushings.**

more in line with their expanding consumption.

Supply prospects for 1976 presently indicate that meal demand will not be able to expand fast enough to absorb all of the expected output gain, therefore stocks must increase.

Globally, production of oilseeds and meals in 1975/76 is forecast at 70.4 million metric tons, soybean meal equivalent—7.9 million more than this year's reduced volume (see *Foreign Agriculture*, September 1, 1975).

Despite the comfortable supply level, the following near-term influences could be significant:

- A significant demand rebound is apparently occurring for both meal and oil in overseas markets, as well as in the United States. This may, in part, reflect the depletion of foreign oil and meal stocks in recent months.
- The bulk of the 1975 Brazilian soybean crop has now either been exported or committed for export.
- The main harvesttime selling pressure for the 1975 U.S. soybean crop is now past.
- Peruvian fishing results have fallen short of earlier expectations and little if any expansion now appears in sight.
- If current price ratios for soybeans relative to corn and cotton continue, a significant reduction in U.S. soybean acreage will take place in 1976.

The sharp 1974/75 dropoff in U.S. exports of soybeans and products, which led to high carryin stocks this fall, bears close examination. What factors caused the decline, and why was its magnitude not foreseen? Generally, most of the blame can be attributed to:

- The sharp decline in the 1974 U.S. soybean crop caused farmers to be reluctant sellers in an uncertain market.
- A larger-than-expected gain occurred in Brazilian soybean production and exports. Brazil's exports of soybeans and meal (meal basis) during the year ending September 30, 1975, rose 2.5 million tons over the same 12 months a year earlier. This gain in exports exceeded the entire rise in Brazil's crop output between 1974 and 1975.
- Peru's exports of fish meal in the October 1974-September 1975 period recovered by 600,000 tons, meal basis, from the previous year's small volume.
- U.S. exports of soybeans and meal were unusually high in 1973/74. This was a year of extreme uncertainty, following a period of export controls, so that foreign consumers were nervous about covering consumption needs and may have overfilled their requirements to insure adequate supplies.
- During 1973/74, poor crops in the People's Republic of China led to significant purchases of U.S. beans. About 600,000 tons of the decline in U.S. exports during 1974/75 reflected an absence of movements to this irregular market.
- Consumer demand in most coun-

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IMPORT REQUIREMENTS FOR SOYBEANS AND MEAL IN SELECTED MAJOR MARKETS [1]

Country	1973/74 Soybean	1973/74 Meal	1973/74 Total, as meal	1974/75 Soybean	1974/75 Meal	1974/75 Total, as meal	1975/76 [2] Total, as meal
	1,000 M.T.	*1,000 M.T.*	*1,000 M.T.*	*1,000 M.T.*	*1,000 M.T.*	*1,000 M.T.*	*1,000 M.T.*
Japan	3,500	225	3,008	3,159	3	2,514	2,800
West Germany	3,250	600	3,184	3,200	735	3,279	3,582
France	565	1,300	1,750	430	1,430	1,772	1,828
Spain	1,225	260	1,234	1,565	171	1,415	1,492
Netherlands	1,450	575	1,728	1,160	875	1,797	1,942
United Kingdom	800	200	836	735	245	829	871
Belgium-Luxembourg	600	300	777	675	375	912	946
Taiwan	580	—	461	650	—	517	576
Italy	1,114	605	1,491	1,200	475	1,429	1,544
Total	13,084	4,065	14,469	12,774	4,309	14,464	15,581
Actual change:							
Meal basis	—	—	—	−249	+244	−5	+1,117
				Mil bu	*Mil bu*	*Mil bu*	*Mil bu*
Bean basis	—	—	—	−11	11	−0	52
				Percent	*Percent*	*Percent*	*Percent*
Relative change	—	—	—	−2.4	+6.0	−0	+7.7

[1] Year beginning October 1. [2] Projected. Source: Based on October 1975 survey by Agricultural Attachés in their respective countries.

OILSEEDS AND MEALS:[1] ESTIMATED PRODUCTION AND EXPORTS, WITH 1965-74 ANNUAL TREND COMPARISONS
[In million metric tons]

Item and year	United States Actual	United States Annual change	Foreign Actual	Foreign Annual change	World Actual	World Annual change	Soybean Actual	Soybean Annual change	Other Actual	Other Annual change
Production: [2]										
1971	25.24	+1.51 trend	29.42	+.91 trend	54.66	+2.42 trend	28.02	+2.12 trend	26.64	+.30 trend
1972	26.16	+.92	29.45	+.03	55.61	+.95	30.19	+2.17	25.42	−1.22
1973	28.50	+2.34	28.57	−.88	57.07	+1.46	33.07	+2.88	24.00	+1.42
1974	34.06	+5.56	33.25	+4.68	67.31	+10.24	41.22	+8.15	26.09	+2.09
1975 [3]	27.41	−6.65	35.06	+1.81	62.47	−4.84	36.42	−4.80	26.05	−.04
1976 [4]	33.10	+5.69	37.25	+2.19	70.35	+7.88	44.09	+7.67	26.26	+.21
Exports: [5]										
1971	13.44	+1.07 trend	11.20	+.17 trend	24.64	+1.24 trend	14.76	+1.43 trend	9.88	−.19 trend
1972	13.55	+.11	12.25	+1.05	25.80	+1.16	15.75	+.99	10.05	+.17
1973	15.23	+1.68	10.61	−1.64	25.84	+.04	18.12	+2.37	7.72	−2.33
1974	16.40	+1.17	11.23	+.62	27.63	+1.79	20.43	+2.31	7.20	−.52
1975 [3]	13.74	−2.66	13.55	+2.32	27.29	−.34	19.73	−.70	7.56	+.36
1976 [4]	14.83	+1.09	15.45	+1.90	30.28	+2.99	21.90	+2.17	8.38	+.82

[1] Includes soybean, fish, peanut, sunflower, cotton, linseed, rapeseed, copra, and palm kernel meals expressed in terms of 44 percent soybean meal. [2] Meal production estimated on the basis of average assumed extraction rates and crushings, and therefore represents potential rather than actual oil production. [3] Estimated. [4] Forecast. [5] Includes the meal equivalent of exported oilseeds.

Changing Eating Habits Lift Potato Product Trade

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ALTHOUGH NO longer the dietary mainstay that it was to past generations of Americans and Europeans, the humble potato is still flourishing. In fact, it is enjoying strong demand worldwide as consumers offset reduced table potato purchases with increased buying of processed potato products: Flakes and granules, dehydrated potatoes, frozen french fries, potato chips, and the myriad of potato snacks.

This versatility has opened up new choices to consumers, while also creating some increasingly popular U.S. export items—exports that could increase dramatically should import liberalization now being sought by the U.S. Government in major markets be achieved. Meanwhile, rising demand and changing eating habits point to further growth in world demand for potato products, barring a drastic downturn in living standards.

Processing, in the sense of altering potatoes into a form more suited to long periods of storage, has existed since the potato was first grown for food by the South American Indians, while processing to obtain industrial products like starch and alcohol also has been longstanding. But it was not until after World War II that a modern processing industry developed to manufacture potato products for everyday consumption—a move that coincided with the present-day drift away from table potatoes.

This change has been particularly pronounced in the last 10 years, reflecting sufficient growth in demand to justify the sophisticated product engineering and market research needed to develop new product lines. Successful sales of these products require a target market with a widespread high standard of living, able to afford the inherent added value associated with processing.

This growth in processing and use of potato products comes despite a generally static per capita total consumption of potatoes. Unlike the fresh product, processed potatoes have an elastic demand and are readily substituted for other items.

The level of employment, the differences in prices for substitute foods, and the amount of disposable income per family determine potato product consumption. Thus, while intake of processed products has risen during past periods of expanding incomes, it would go down during times of high unemployment and declinning or static real income.

In the **United States,** the largest manufacturer and consumer of edible potato products and also a sizable exporter, consumption of processed potatoes now totals about 62 pounds per capita annually. This represents almost half the crop, compared with only 18 percent in 1956.

FROZEN products, mainly french fries, have accounted for the greatest expansion, with 48 percent of the market in 1973 as opposed to only 11 percent in 1956. On the other hand, processing for starch and flour slid from 42 percent of potato processing in 1956 to a mere 2 percent in 1973.

Although the great bulk of its output is retained at home for domestic consumption, the United States is a sizable potato exporter. In 1974, the United States shipped a total of 20.36 million pounds of potato flakes and granules; 7.70 million of dehydrated potatoes, and significant amounts of frozen french fries, potato chips, and other snack items. However, while exports of potato flakes and granules last year were more than twice the 9 million pounds shipped in 1969, those of dehydrated potatoes were slightly under the 8.3 million pounds of dehydrated potatoes exported in 1969, reflecting changing consumer preferences.

Next to the United States, **Sweden** is one of the largest per capita consumers of edible potato products, with current use averaging around 57 pounds per capita or 18 percent of total domestic potato consumption. Products manufactured from dehydrated flakes and granules are the most popular items in Sweden, reflecting their expanded use in institutional markets and fast-food outlets.

Since only a few domestic firms produce these items, Sweden is a net importer of all types of processed potato products and takes the bulk of them from the United States.

Sweden's 1974 import of 7.24 million pounds of U.S. potato flakes and granules made it far the largest U.S. market for such products. In addition, the United States has accounted for well over 90 percent of Sweden's imports of flakes and granules; imports of these products accounted for 23 percent of Sweden's total supply in 1973 and 30 percent in 1974. However, this rising trend could well be dampened by the 20 percent increase in Sweden's import levy in mid-1974.

West Germany—in contrast to the United States and Sweden—still consumes a large share of its potatoes fresh, while using about 37 pounds of potato products per capita.

Although food-use processing has increased greatly since the mid 1950's—and is expected to grow in the future—current German production is not enough to meet domestic demands. Thus, West Germany, like Sweden, depends on the import market for a large share of its processed potato product needs.

However, little of this comes from the United States because of import controls limiting entry of edible potato products from non-European Community countries. Consequently, the Netherlands is the chief supplier, providing West Germany mostly with french fries, chips, and dried products.

In fact, **the Netherlands** is one of Europe's main exporters of fresh and processed potatoes.

IN 1973, the country shipped some 45 percent of its production of edible potato products, with precooked items, mainly french fries, totaling almost half of these exports. Dried products accounted for 27 percent of the total, while cooked products made up 24 percent of total exports.

French fries have enjoyed the fastest growth in the Dutch processing industry. Since 1965, total production of processed products has grown by 103,400 metric tons, with french fries accounting for 84,250 metric tons or 81

percent, of the expansion and over 75 percent of total processing.

While Dutch per capita consumption of table potatoes has fallen from 220 pounds in 1960 to about 185 currently, use of potato products during the same period has risen from 5 to 31 pounds. Precooked french fries account for about 70 percent of Dutch potato-product consumption, and chips and other snacks, for about 20 percent.

As in other countries, **France's** per capita consumption of tablestock potatoes has been declining. However, unlike most countries, French potato processing has not risen dramatically. On an annual basis, French consumption of tablestock dropped from 275 pounds per capita in 1956 to 161 pounds in 1971, and use of processed potatoes is still insignificant. In 1973, dehydrated products accounted for about 42 percent of consumption of the processed-product, and chips, for about 30 percent.

Curiously, both the production and consumption of french fries, one of the most popular items throughout the world, appear to have made little headway in France.

In **Denmark,** the potato processing industry uses about 15 to 18 percent of the total crop, but only 40 percent of this goes for production of edible products. Similarly, domestic demand for most processed products is limited, and processing is generally insignificant.

As a result, the country depends on the import market for a good part of its processed product needs, buying from the United States most of the dehydrated powder sold in retail and institutional markets. Such purchases totaled 1.4 million pounds in 1974, making Denmark the third largest U.S. market in Europe behind Sweden and the United Kingdom.

In the **United Kingdom,** potato processing is highly developed and has assumed expanded importance in the food-processing industry. However, recent inflation and rising food prices appear to be curtailing demand for convenience foods generally—including potato products.

Roughly 20 percent—1.34 million tons—of the United Kingdom's 1973/74 potato crop was processed into edible products, compared with under 800,000 in 1972/73. Chips and french fries account for almost a half and a third, respectively, of the total processing input. However, retail sales of frozen

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European Potato Crops Decline

Reduced plantings and unfavorable weather have combined to lower European potato production this year. Output is down in both Eastern and Western Europe, with the latter showing the sharpest declines. In the European Community—which accounts for most of the West European crop—production is reportedly off 17 percent from the previous year's to 41 million metric tons.

The reduced acreage can be attributed to the poor showing of the previous year's crop, which enhanced the prospects offered by competitive crops such as sugarbeets. The unfavorable weather began during the wet 1974 fall harvest and continued through the winter into an uncommonly dry, hot summer, adversely affecting the development of the 1975 fall crop.

The United Kingdom, Sweden, Norway, and West Germany recorded the sharpest shortfalls from the previous year's levels, with crops off some 20, 25, 38, and 25 percent, respectively. Although news of the smaller harvest has stirred interest among traders hoping for a livelier market, rising prices have depressed demand. Some European processors, however, feel that supplies may be too small to fill the demand for manufactured products and for processing plant capacity.

United Kingdom. The United Kingdom appears to be one of the countries hit hardest by the drought. In fact, to maintain potato supplies to domestic consumers, the Government, from September 1 on, relaxed its plant health requirements on potato imports and prohibited, from October 16 until further notice, exports of potatoes except those sold for seed or to military installations. British imports of potatoes from the Netherlands are much higher than during the same period last year, and more small and oversized potatoes are reaching the market than in previous years. Still, U.K. potato prices are about three times higher than in the same period a year ago, prompting cutbacks in consumption.

West Germany. Production in West Germany is expected to drop from the 14.5 million metric tons of 1974 to around 11 million tons. The shortfall is not expected to greatly affect the availability for human consumption, which is placed at around 5.5 million tons annually, but will tend to reduce the amount moving into the industrial and feed sectors.

The Netherlands. The Netherlands, principal exporter of potatoes in Western Europe, is also suffering from low yields due to dry weather. However, although the overall size of the crop appears to be off from the previous year, supplies for the consumer market could be above the 1974 level. During the 1974 fall harvest, wet weather reduced the amount for human consumption while boosting the volume used for starch and feed. This year, the dry weather appears to have affected the regions growing starch potatoes more than those growing tablestock and industrial potatoes.

Consequently, the Dutch potato industry could be in a very favorable trade position. East European countries have reportedly even inquired about Dutch potatoes although increased Dutch shipments to the United Kingdom and Scandinavian countries—accompanied by an almost doubling in price—seem to have dampened East European interest.

Eastern Europe and USSR. The overall situation here does not appear to be as tight as in the EC. In the USSR, the crop is described as "not bad," despite unfavorable weather conditions. Production is estimated at around 90 million tons, 9 million tons better than in 1974, but 18 million below the 1973 level. Poland is forecasting a smaller potato crop—down about 2 million tons from 1974—to around 46 million tons. But quality of the crop is described as good, and as only about 6 million tons are used domestically for food, Poland may be in a position to take advantage of the attractive world prices. The Hungarian potato crop, estimated at 1.5-1.6 million tons, is expected to exceed last year's. This may leave Hungary with some limited amounts for exports.

—Robert D. Knapp, FAS

Turkey Expanding, Updating Cotton Spinning Sector

By MUSTAFA BASER
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TURKEY, ONE OF THE WORLD'S leading raw cotton exporters, has made notable progress in modernizing and expanding its textile industry during the past few years. Future growth is to be spurred by additional large investments at least through 1977. This will probably triple spinning capacity and—with the domestic weaving sector's slower growth rate—make large quantities of yarn available for export. But if larger sales fail to materialize in traditional markets, Turkey might be forced either to boost incentives to spur exports to new markets or to allow a large part of its new spinning capacity to stand idle.

The situation is now complicated by the current slack export demand for yarn and cloth because of the economic downturn in many of Turkey's overseas markets. While a slower than anticipated upturn in demand could cause a stretching out of some of Turkey's planned investments, it is likely that the number of spindles ready for use in 1977 will not be less than 3.5 million.

The Government's investment programs in the cotton spinning and weaving sectors grew out of a rapid strengthening of domestic demand and a rise in cloth and yarn exports between 1968 and 1973. As a result of the Government incentives—first made available in 1972—about US$1 billion will have been invested in the spinning and weaving sectors by 1977, according to the plan. As a result spinning capacity is targeted to rise from 1.3 million spindles in 1971 to 4 million in 1977. Also planned is a jump in weaving capability from 890 million linear meters of cloth (1 m = 1.09 yd) from 31,237 looms to a projected 1.4 billion meters from 39,000 looms.

Accompanying this jump in spindle numbers will be a boost in cotton production. Assuming an average spinning rate of about 150 kilograms of yarn per spindle per year (1 kg=2.2 lb) and a three-shift workday, about 525,000 metric tons of yarn could be produced in calendar 1977. Since about 115 kilograms of cotton are required to produce 100 kilograms of yarn, and based on an 80-percent use rate—about 20 percent of the fibers to be used will be noncotton—the industry will have the potential to absorb about 483,000 tons of cotton a year.

This is about 74 percent of Turkey's planned 1977 upland cotton output.

The actual outcome of the imbalance in Turkish planning and the effect on cotton exports versus yarn and textile exports will depend on the level of plan attainment, price and demand movements, and Government intervention. Thus far during the 1970's, export availabilities of both cotton and yarn have grown because cotton production exceeded plan levels. Of late, Government intercession has been the dominant factor affecting price levels and exports of cotton and yarn.

Turkey's textile industry has thus far been the driving force behind its coveted industrialization campaign. So, despite the current difficulties created by Government price policy, it is fair to assume that minimum cotton producer prices, investment incentives, and export subsidies will be restructured to again favor the export of yarn and textile products.

(Domestic yarn utilization in 1967 was 130,000 tons, growing to around 215,000 tons in 1973, and exports went from nearly zero to 33,000 tons in the same period.

(Domestic prices for yarn also rose

Turkish textile mill employees tending a yarn winder in an Eskesehir factory, left. Partly processed cotton, below, being fed into a drawing frame, one of the processing steps in manufacturing cotton yarn. Turkey will have invested about $1 billion in the cotton spinning and weaving sectors by 1977.

sharply. The price for No. 30/1 yarn, for example, was around TL16.50 per kilogram in 1969, climbed to TL19 in early 1970, and continued to rise steadily year by year to reach TL55 at the end of 1973. (In 1972 and 1973, the average exchange rate was TL14.15 =US$1.))

Great changes have taken place in the structure of the Turkish yarn/textile sectors since 1971. In that year about 23 percent of the active spindles were in unintegrated mills, engaged only in spinning. The remaining 77 percent were situated in more or less integrated mills: 17 percent in spinning-weaving units, 32 percent in spinning-weaving-finishing, and 28 percent in spinning-weaving-printing. The rapid increase in the number of spinning facilities—being made at a faster rate than for weaving facilities—has dropped the spinning-weaving-finishing (printing) integration ratio from 60 percent in 1971 to around 45 percent in 1974.

Disregarding an estimated 13,000 hand looms—there was about one loom to every 42 spindles in 1971—current indications are that the ratio will shift to around one loom per 90 spindles by 1977.

Contrasting with the decline in the percentage of integrated mills, there has been an increase in the number of spinning facilities operating at least 25,000 spindles, the minimum number required for optimal economic operation. In fact, the yarn production share of mills having 25,000 or more spindles rose from 40 percent in 1971 to 65 percent in 1974. The average size of a mill in this category increased from 36,000 spindles to 43,000 in the same period.

Weaving facilities having 500 or more looms currently comprise only 39 percent of the total weaving capacity, with an average of 780 looms per mill.

Turkish planners envisage that about 300,000 tons of yarn will be consumed in Turkey in 1977, leaving about 255,000 tons for export. But since immediate actual foreign yarn sales are expected to reach only 60,000 tons—or as some more optimistic observers believe, 100,000 tons if Government subsidies or other promotional measures are employed—the latter figure would still leave a surplus of about 125,000 tons in excess of projected domestic and export requirements.

If this is the case, it means that 24 to 31 percent of the industry as a whole

Continued on page 16

Most Foreign Food Price Rises Exceed U.S. Increases

Food price indexes prepared in 15 selected countries show that the U.S. food price index increased 7.7 percent between September 1974 and September 1975, compared with rises during the same period of 275.4 percent in Argentina, 25.6 percent in Brazil, and 27.7 percent in the United Kingdom.

The only countries with slower rates of increase than the United States were Australia (5.2 percent) and West Germany (5.8 percent).

An FAS survey on November 5 of retail food prices in the capitals of 15 countries shows that retail price controls have been imposed or extended on some food items during recent months in six of the countries in the survey.

Brazil set a ceiling price for rice, Argentina brought sugar and rice under price control, France increased the maximum price for bread by 10 percent, Belgium extended its general price freeze (which, however, has a large number of waivers) through December 31, and Denmark posted higher ceiling prices for dairy products.

In the Netherlands, new minimum (floor) prices were set for milk, bread, and sugar.

Most dairy products covered in the survey were higher in European Community countries because of EC price

FOOD PRICE INDEX CHANGES IN SELECTED COUNTRIES

Country	Latest month	Index 1970=100	Percent change from		
			Prev. month	Three months	One year
Argentina	September	1,577.9	+10.1	+90.4	+275.4
Australia	August	158.6	+ .8	+ 1.5	+ 5.2
Belgium	September	145.9	+ .8	+ 3.5	+ 11.8
Brazil	September	300.1	+ 2.5	+ 8.1	+ 25.6
Canada	September	168.5	— .7	+ 2.7	+ 13.2
Denmark	September	169.3	+ 1.2	+ 3.2	+ 12.1
France	September	162.6	+ 1.1	+ 3.0	+ 12.8
Germany	September	130.5	— .1	— 1.7	+ 5.8
Italy	September	175.4	+ 1.0	+ 2.1	+ 14.0
Japan	September	184.4	+ 3.4	+ 3.9	+ 11.8
Mexico	September	189.5	+ .4	+ 1.8	+ 12.9
Netherlands	September	141.9	+ 1.5	+ 2.0	+ 8.7
Sweden	September	155.1	+ .2	+ 4.7	+ 16.4
United Kingdom	September	212.2	+ .7	+ 1.0	+ 27.7
United States	September	154.7	— .2	+ 1.9	+ 7.7

SURVEY OF RETAIL FOOD PRICES IN SELECTED
[In U.S. dollars per lb, converted

City	Steak, sirloin, boneless	Roast, chuck, boneless	Pork chops	Ham, canned	Bacon, sliced, pkgd.	Broilers, whole	Eggs, dozen	Butter	Ch Ed Gou Ch
Bonn	4.23	2.65	2.12	(1)	3.79	0.89	0.80	1.55	1
Brasilia	.70	.45	1.13	1.31	2.53	.63	.70	1.29	1
Brussels	3.80	1.93	1.91	2.43	1.43	.97	1.06	1.63	1
Buenos Aires	.57	.50	.46	(1)	(1)	.32	.40	.83	1
Canberra	1.67	.89	1.43	2.39	2.67	.94	1.09	.92	1
Copenhagen	4.89	2.10	2.44	2.10	2.32	.90	1.10	1.47	1
London	2.64	1.38	1.78	1.53	2.07	.60	.85	.72	
Mexico City	1.45	1.16	1.41	3.19	1.70	.87	.90	1.92	3
Ottawa	1.98	1.30	2.08	2.38	1.87	.97	.88	1.05	1
Paris	3.06	1.75	2.03	3.16	1.86	1.02	1.16	1.65	
Rome	3.37	(1)	2.16	2.51	2.15	1.04	1.19	1.82	
Stockholm	4.89	2.75	2.17	2.71	2.64	.94	1.29	1.38	1
The Hague	3.35	[2]1.89	2.04	2.22	3.18	.73	.95	1.37	1
Tokyo	16.54	5.04	3.01	4.28	3.91	1.05	.90	2.12	1
Washington	2.14	1.48	2.27	2.70	2.02	.67	.76	1.18	2
Median	3.06	1.62	2.04	2.43	2.24	.90	.90	1.38	1

[1] Not available. [2] Special low-price sales.

adjustments. Butter, for example, was 8 percent higher in Bonn than it was in the previous FAS survey on September 3. In Brussels, the butter price increase was 9.4 percent during the same interval.

In Denmark, higher ceiling prices on dairy products were approved in mid-September and again in October, reflecting increases in EC support prices, export prices, and production costs.

Canberra reported strong increases in retail prices for beef since the previous survey, mainly as a result of steep rises in auction prices for live cattle in recent months.

Egg prices in Canberra have been at the same level since January. However, they are forecast to increase by 10 Australian cents per dozen in the next several months because of new controls over production.

Canberra forecasts a general rise in food prices in the coming months because of increasing labor and other costs.

Bonn reports price increases since September in pork and eggs—a reflection of tightening supplies.

Denmark, seeking to stimulate consumption and reduce unemployment, reduced its value-added tax on all major goods and services—including food—from 15 to 9.25 percent. This reduction is equal to 5 percent at retail, and is to be applied between September 29, 1975, and February 29, 1976.

Despite this tax cut, however, prices for beef in Copenhagen were higher on November 5 than on September 3.

In Brasilia, consumers showed a preference for fresh poultry over frozen beef—the only meat available from Government stocks.

Other than seasonal price variations for fruit and vegetables, most food prices in the 15 capitals remained generally stable or reflected the average inflation rate increases of their countries.

—By Sidonia R. DiCostanzo, FAS

Availability, Quality Vary

Food prices are reported by U.S. Agricultural Attachés in 14 commercially important world capitals as of the first Wednesday of every other month. Prices are converted on the basis of actual exchange values on the date of the survey, and these conversions affect comparisons between time periods.

The objective of this report is to obtain representative prices in other countries of items normally purchased by U.S. consumers. However an exact comparison is not possible because the quality and availability of specific items vary greatly among countries. An attempt is made to maintain consistency in the items and outlets sampled, but these are not necessarily representative of those prevailing in the reporting countries.

Food price indexes are reported from official government sources and calculated in terms of local currency values.

TED WORLD CAPITALS, NOVEMBER 5, 1975
ted at current exchange rates]

Cheese: Edam, Gouda, or Cheddar	Milk, whole, quart	Oil, cooking, quart	Tomatoes	Onions, yellow	Apples	Oranges, dozen	Bread, white, pkgd.	Rice	Sugar
1.70	0.42	1.83	0.56	0.24	0.25	1.85	0.29	0.70	0.27
1.48	.22	1.03	.19	.31	.47	.41	.41	.26	.12
1.77	.39	1.24	.78	.16	.28	1.47	.28	.42	.29
1.35	.15	.87	.55	.10	.18	.38	.22	.23	.22
1.37	.41	1.63	1.01	.28	.19	1.97	.38	.36	.17
1.34	.38	1.57	.93	.32	.29	1.41	.47	.45	.26
.97	.29	1.37	.48	.25	.29	2.11	.19	.37	.23
3.55	.30	1.36	.33	.23	.44	.30	.31	.38	.08
1.52	.53	1.53	.58	.23	.48	1.20	.32	.45	.27
1.62	.35	1.25	.47	.27	.17	2.07	.83	.49	.26
(1)	.42	1.11	.40	.20	.24	1.24	.40	.29	.30
1.89	.30	4.15	.97	.36	.50	2.25	.75	.58	.32
1.55	.32	.99	.41	.24	.14	1.05	.20	.38	.27
1.77	.72	1.68	.65	.27	.52	4.77	.44	.39	.43
2.01	.45	1.71	.48	.24	.35	1.14	.48	.39	.25
1.59	.38	1.37	.55	.24	.29	1.41	.38	.39	.26

Foreign Leaf Share In U.S. Cigarettes Continues To Gain

Rising U.S. imports of foreign tobacco are reflected in the composition of U.S. cigarettes, whose content of imported leaf has increased steadily over the last 25 years.

The share of foreign tobacco in U.S. cigarettes has increased from 7 percent in 1950-54 to 17 percent in 1974, while that of U.S. flue-cured leaf has declined from 58 percent to about 47 percent in the same period.

U.S.-grown burley's share remained comparatively stable, rising slightly from 33 percent in 1950-54 to 35 percent in 1974. The share of Maryland leaf dropped from 2 to 1 percent.

This decline in the share of domestic tobacco in U.S. cigarettes has been accompanied by an increase in U.S. imports (for consumption) of foreign cigarette leaf from 76 million pounds in 1950-54 to 188 million pounds in fiscal 1974.

Cigarette leaf imports reached 212 million pounds in fiscal 1975. Foreign cigarette leaf's lower price (average 1974 import value: 63 U.S. cents per pound, declared-weight basis) in comparison to U.S. leaf encouraged these increased imports.

While oriental leaf has traditionally accounted for more than 90 percent of U.S. imports of cigarette leaf, flue-cured and burley imports of 31 million pounds accounted for 23 percent of all U.S. cigarette leaf imports during January-June 1975.

This displacement of U.S. leaf by imports has been accompanied by a decline in the average quantity of tobacco in each cigarette from 1.22 grams in 1950-54 to 0.87 grams in 1974.

Manufacturers' cost consciousness and the competitive nature of the industry are key factors in these trends.

Considerable leaf is saved through increased use of stems and scrap; the trend toward filter tips and longer but slimmer cigarettes, as well as chemical "puffing" of cigarette tobacco (to increase filling capacity) have also reduced leaf use.

These trends are likely to continue, given the persistent price differential between foreign and domestic leaf, and smokers' apparent acceptance of evolving blends and shapes.

How Canada Markets Wheat: Government Is in Charge

By R. KEITH SEVERIN
Foreign Commodity Analysis, Grain and Feed
Foreign Agricultural Service

A considerable amount of attention is focused on the world grain situation this year, and much interest has been expressed in the functioning of the marketing systems in the major exporting countries—particularly in the Canadian system.

Besides being the world's second largest grain exporting nation, Canada has social and economic structures similar to those of the United States. Although there are many inherent similarities between the United States and Canada, there is a vastly different grain marketing system in each.

While U.S. buying and selling of grain is left up to private enterprise, the Canadian Wheat Board—a Government trading monopoly—controls these functions in Canada.

THE CANADIAN Wheat Board (CWB) was created by the Canadian Parliament in 1935 after the failure of earlier cooperative marketing efforts by Western Canadian grain growers. Canada and most of the world was then in a deep economic depression, and the architects of the Canadian Wheat Board Act believed that orderly marketing of grain through a Government entity might assure farmers of more stable markets and remunerative returns.

Not until September 1943, however, was the CWB granted its basic monopolistic power—the sole authority to buy wheat from producers in a designated area of Western Canada, where the bulk of the country's wheat is grown. At the same time, the Government suspended trading in wheat futures on the Winnipeg Grain Exchange, and empowered the CWB to sell wheat beyond the boundaries of the province where it was produced. Until that time, producers had been able to sell their wheat in the open market or deliver it to the CWB at a fixed initial price set and guaranteed by the Government.

Along with corn, oats, barley, and rye, the only wheat now listed on the Winnipeg Exchange is that for domestic livestock feeding. Trading in all other wheat is conducted through the CWB.

In 1947, Parliament empowered the CWB to implement the Government's grain policy, a move that has special significance because of its importance in the realm of international agreements. Two years later, the CWB was made the monopoly buyer and seller of Western Canadian barley and oats in commercial market channels, thus bringing under CWB authority sales of these two important feedgrains as well as wheat.

In 1967, the CWB was made a permanent Crown corporation, thus eliminating the need for the Parliament to enact new legislation every 5 years to provide for the CWB's continued existence.

Organizationally, the operations of the CWB are administered by five commissioners, including a Chief Commissioner, appointed by the Government and serving indefinite appointments. The CWB's representative at the Cabinet level is the Minister of Justice (Otto E. Lang is the incumbent Minister of Justice).

The commissioners share joint responsibility for CWB policies and operations. The CWB has no capital funding. It finances its operations with bank credit, repayment of which is guaranteed by the Government. The Board has an advisory committee consisting of six producer representatives. Head offices of the CWB are in Winnipeg, and branch offices are located in Vancouver and Calgary. Overseas offices are maintained in London and Tokyo.

Operations. The CWB owns no physical grain-handling facilities. It uses privately, cooperatively, or Government-owned elevators, railways, and other facilities. All grain-handling companies, whether cooperative or private —and including country elevators, subterminals, terminals, and export elevators—can operate only as agents of the CWB. The grain companies do not take title to the grain, but handle it at tariffs set by the CWB.

Producer deliveries of grain to country elevators are regulated by the CWB through quotas administered to bring forward the kinds and quantities of grain required by the market. More importantly from the point of view of producers, the quota system is used to allocate delivery opportunities among growers as equitably as possible, given the estimated demands of the market.

Should market prospects improve during a year, additional deliveries may be called for. If a grower has more grain than the CWB will accept, he must store it himself. The grower does not have the choice to store or to sell.

Because prices paid producers are set by the Federal Government in consultation with the CWB, it is immaterial when or where the farmer delivers his allocation. The initial payment is made to each producer at the time the grain is delivered to the country elevator.

In the case of wheat, initial payments are in terms of No. 1 Canadian Western Red Spring, basis in-store Thunder Bay or Vancouver—the two main Canadian export locations. All producers participate in a pool, whose size is determined annually for each grain.

After the grain delivered to the pool for a particular crop year has been disposed of by the CWB, producers may receive additional payments for any proceeds over and above marketing costs, such as costs of transport from country elevators, handling, and operations of the Board. From the inception of the Board, the Government has paid deficits existing when pool accounts were closed.

ANOTHER device to control grain marketing is the Board's power to allocate railway cars. To maximize the flexibility and efficiency of the grain-carrying car fleet, the CWB allocates cars in block units. Given this situation, the Western Canadian grain farmer typically delivers his grain to the nearest elevator.

Sales and Trading. CWB sales and trading of grain generally fall into three categories:

• Commercial sales by agents of the CWB (private or cooperative shippers and exporters) to domestic buyers and

private buyers in the world market. About half of all Canadian wheat sales are in this category, and generally all oats and barley sales.

• CWB sales to foreign governmental agencies, such as Ceroilfood in the People's Republic of China, Eksportkhleb in the USSR, and others in East European countries. Nearly half of the grain exports are in this category, which is growing because of the CWB belief it can deal best with such buyers. The Board is in a position to guarantee complete secrecy as to price and any other important details of a transaction.

• CWB sales to commercial buyers (flour millers and grain merchants) in certain importing countries—such as the Philippines, Peru, or Brazil—on special credit terms. A small but growing percentage of total grain sales is of this type.

Trade not conducted by the CWB is carried out at the Board's pleasure by the private trade. In times of surplus, the private trade—acting as agent for the CWB—has little incentive to promote the sale of Canadian grain, since the trade works with prices set by the CWB. Conversely, when supplies are scarce, the CWB itself is inclined to become more involved in sales activity.

One reason for the success of the CWB system is that Canada accounts for about 15 percent of the world's grain trade. Also, the CWB has the United States—which produces the same kinds and classes of grain—as an invaluable indicator for market conditions and prices.

It should be noted that the situation and the success of the CWB could be entirely different if the United States, with its 55-60 percent share of the world's grain trade, were to adopt Government control of grain trading rather than to continue relying on market forces.

Another significant point of dissimilarity is that Canadian farmers sought a system such as they now have, while U.S. grain producers are accustomed to making their own marketing decisions as to when, where, and how much they will sell.

Producer Views. It is difficult to assess the Canadian producers' views of the operation of the CWB. A producer is permitted to deliver only to the pool the quotas that are allocated and a set initial payment is made upon delivery of that quota.

When good market conditions prevail, producers may be able to deliver all they have produced and thus obtain returns above initial payments. When less favorable market conditions prevail, farmers accumulate stocks, perhaps subsequently cut back production, and possibly receive nothing beyond the initial payments.

THE POOL organization in each province is the only spokesman representing the producing areas, and it may or may not reflect the views of growers. Pools, the sole receivers of grain, have an interest in protecting the system, and therefore might be biased in expressions about the efficacy of the system.

The CWB system unquestionably deprives the Canadian farmer of the opportunity to make management decisions concerning marketing. This deprivation would seem to be a disincentive, since Canadian wheat farmers by and large have not reacted to calls from the CWB to increase acreage when market prospects appear to be good.

U.S. farmers, on the other hand, respond to market forces that can affect their incomes. They see decisions concerning marketing and decisions concerning production in the same context, not separate ones.

Government Involvement. Beyond providing the CWB with its overall monopoly authority, the Canadian Government performs other functions that further enhance the power of the CWB. Not only does the Canadian Government set the initial payments, pay any deficits incurred by pools, and assure the CWB of bank credit to finance its operations, but also assists the CWB by guaranteeing special credits extended to certain commercial buyers, such as the Philippines.

The Canadian Government long has been a proponent of international agreements covering grains. The Government believes such agreements provide an assurance of relatively stable world market prices. And these agreements, in turn, enable the Government to provide growers with initial payments very close to total payments and thus minimize the risk of pool deficits.

In empowering the CWB with authority to take the action necessary to implement its grain policy, the Canadian Government took a large step toward linking its producer prices with those in the world market.

State grain trading appears to be closely associated with international arrangements which, if effective, can influence prices, possibly supplies, and perhaps even production.

India Seeks Improved Grain Storage

India is offering loans and technical assistance to cooperatives and private farmers for improving grain storage. Prospects for excellent grain harvests and high farm prices have bolstered demand for storage facilities used by rural families.

India's loss of grain to rodents, insects, birds, and monkeys between field and ultimate use is staggering. In the past 3 years, the loss probably has amounted to about 10 million tons annually, including 2 million tons lost in the field before harvest. India's total food grain production this year probably will be about 10 million tons above that of last year, but greater-than-usual loss of stored grain will cause import needs to remain strong.

Grain storage in India is a picture of great contrast. Losses at the modern warehouses are only 1-3 percent. The main problem is at farm storage facilities, where losses usually exceed 10 percent. Rodents and insects take a heavy toll of grain from the burlap bags and earthen jars stored in sheds covered with bamboo, wood, or straw.

India has 8.4 million tons of modern grain storage capacity, mostly built with funds generated by P.L. 480 sales. Most of these warehouses are located in port cities, where imports are received, and in surplus grain districts.

However, about half of these modern storage facilities are empty at the very time when losses by farmers with primitive facilities are high. Farmers dislike the red tape involved in attempting to use idle modern facilities. Metal storage structures are available to farmers on a deferred-payment basis.

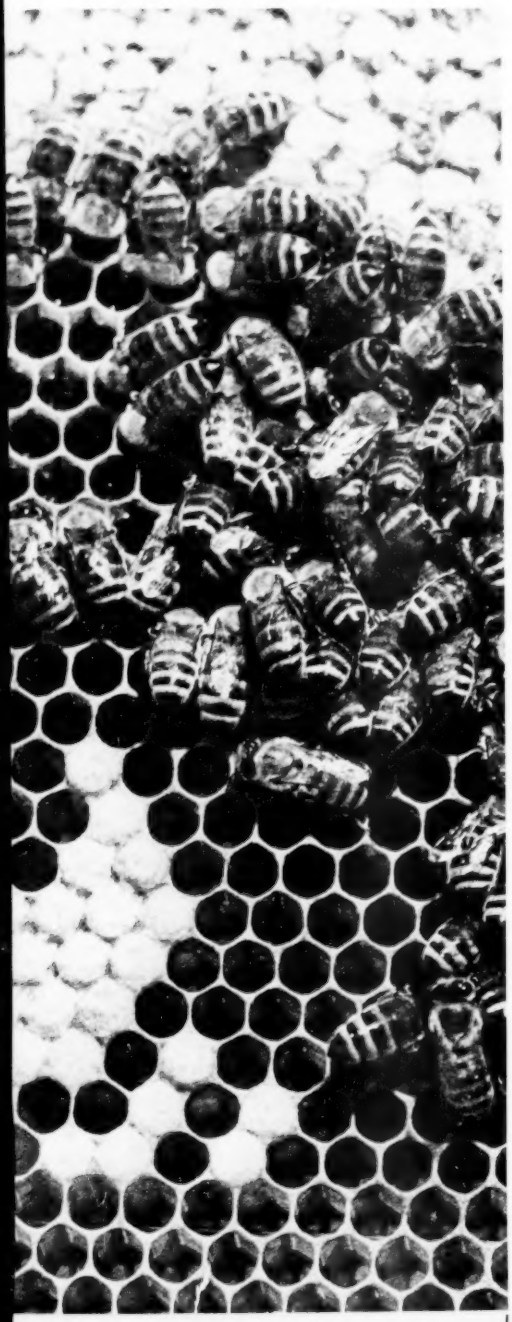
While urban families are encouraged to reduce household stocks, farmers are urged to improve facilities for storing their crops. Factory output of small grain storage facilities is increasing, but it remains far below demand. New bauxite discoveries may eventually result in lower prices for aluminum storage facilities.

—JOHN B. PARKER, JR., ERS

U.S. Honey Prices Firm Despite Larger Imports

By GORDON E. PATTY
Foreign Commodity Analysis, Sugar and Tropical Products
Foreign Agricultural Service

From top: Bees work on honeycomb; honey processing plant in Mexican State of Campeche.



WORLD HONEY OUTPUT is expected to remain stable in 1975, but imports by the United States should continue their current uptrend. Domestic production, on the other hand, will probably continue to fall.

World honey production in 1975 is expected to be about 1.1 billion pounds, nearly the same as in 1974. Output in 1975 will be higher in North America, Eastern Europe, Asia, and Oceania, but these production gains will be offset by decreases in outturn in South America and Western Europe.

The world honey crop in 1974 was down 36 million pounds from that of a year earlier. Argentina had a bountiful crop in 1974. A larger outturn in West Germany brought the European total up. A smaller export surplus in the People's Republic of China was responsible for a decrease in Asia in 1974.

The 1974 U.S. honey crop, of 185 million pounds, was the smallest in decades. Australia's honey output was down for the second year in a row. It is believed that output in the Soviet Union did not reach its 1973 record of 275 million pounds.

World consumption requirements in 1974 were originally expected to exceed production slightly. However, high retail prices in many countries discouraged greater consumer purchases as, in all likelihood, did the use of relatively new honey substitutes.

In West Germany, a major world consumer, total honey use was about the same in 1974 as a year earlier. Honey output was up and less was imported.

Looking ahead, it is difficult to predict with any degree of accuracy, what will happen in the world honey supply and demand situation.

Based on relatively incomplete data, it appears that the world supply of honey is about keeping even with demand. There has been little difference in the two in any recent year. This will probably remain the case for the years immediately ahead.

Most honey producing countries have problems in expanding their output. The United States is one of these. Even Mexico—the largest world exporter of honey—appears to be at a crossroad. Although it seems to have an abundance of floral sources currently not being exploited, Mexico has increased its production but little in recent years. It is not certain that any large increases will be made in the immediate future.

U.S. honey imports have trended upward in recent years, but they have had little effect on domestic prices, which continue high.

In August 1975, these imports were almost 3 million pounds. For the first 8 months of the year they totaled over 32 million pounds and could reach 48 million for all of calendar 1975, if the current import rate continues unchanged. In 1974, honey imports by the United States amounted to 26 million pounds.

Last year's short U.S. honey crop has resulted in strong pressure on domestic stocks. Although data are inconclusive, they indicate U.S. carryover stocks have been dropping for several years. And first indications are that the 1975 U.S. honey harvest is small for the second successive year.

SINCE THE TREND of U.S. honey production has been downward in recent years while total consumption has been fairly stable, larger quantities of honey have been taken out of stocks each year to bridge the growing gap. However, these withdrawals have been insufficient to meet the supply-demand deficit and larger honey imports became necessary. In the past 15 years honey imports ranged from 1 to 16 percent of total U.S. consumption.

Despite the upward movement in U.S. honey imports, U.S. prices have moved but little under their impact—dropping only a few cents from their record 1974 price level. U.S. 1975 market prices are still about 65 percent higher than the 1975 purchase price being offered under the U.S. price support program.

One reason that imports had so little influence on U.S. honey prices is that average prices of imports—much of which are of relatively lower grade—are only a few cents below average U.S. prices. Last year's import prices averaged about 45 cents per pound at the U.S. port of entry.

CROPS & MARKETS

—GRAINS • FEEDS • PULSES • SEEDS—

Brazil's Wheat Forecast Reduced Further. Forecast for the 1975/76 Brazilian wheat crop now being harvested has been reduced to 2.1 million metric tons. This latest estimate represents a drop of 18 percent below the previous estimate and is almost 800,000 tons less than was produced in 1974/75. Poor weather and disease have contributed to the reduced output picture. Quality of the crop also has been adversely affected by the poor growing conditions. Wheat imports for the 1975/76 season (October-September) are estimated at 2.5 million tons.

Rotterdam Grain Prices and Levies. Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Dec. 1	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	(1)	(1)	6.50
USSR SKS-14	(1)	(1)	(1)
French Feed Milling [2]	3.33	0	(1)
U.S. No. 2 Dark Northern Spring: 14 percent	4.90	+ 3	6.41
U.S. No. 2 Hard Winter: 13.5 percent	4.68	+ 7	6.15
No. 3 Hard Amber Durum	5.60	− 3	8.26
Argentine	4.31	(1)	(1)
U.S. No. 2 Soft Red Winter	3.92	+ 1	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.10	+10	4.06
French Maize [2]	3.32	+12	(1)
Argentine Plate corn	3.48	− 2	4.45
U.S. No. 2 sorghum	2.99	+ 3	4.12
Argentine-Granifero sorghum	3.07	+ 4	4.31
U.S. No. 3 Feed barley	3.08	− 9	3.86
Soybeans:			
Brazilian	5.60	+31	(1)
U.S. No. 2 Yellow	5.21	+13	8.24
EC import levies:			
Wheat	1.06	−10	0
Corn	.98	−11	0
Sorghum	.94	− 3	0

[1] Not quoted. [2] Basis c.i.f. west coast, England.
NOTE: Price basis 30- to 60-day delivery.

Australia's Wheat Prospects Improve. Australia's 1975/76 wheat production is now estimated by the U.S. Agricultural Attaché in Canberra at 11.1 million metric tons, and could be higher. Production in 1974/75 is officially estimated at 11.25 million tons by the Australian Bureau of Statistics. Despite the absence of subsoil moisture at planting time, cool conditions and timely rains have favored development of this year's crop. Some areas have had too much rain, and all production areas now require warm and sunny weather for the crop to mature in a satisfactory manner before harvesting moves into full swing.

An above-average volume of Prime Hard and Hard wheat is expected to be harvested in New South Wales and Queensland. Australia's wheat exports in the 1975/76 (December-November) marketing year are expected to total about 8 million tons. The Australian Wheat Board carryover thus will be somewhat higher than projected earlier, but this wheat has already been sold forward, together with about 3 million tons from the 1975/76 crop, under contracts with the USSR, the People's Republic of China, Egypt, and other traditional markets.

Swedish Wheat Output Up. Sweden's wheat production currently is estimated at 1,477,000 metric tons, 231,000 tons above the August estimated. Feedgrain production at 3,527,000 tons is down by 163,000 tons. Wheat exports are expected to reach 800,000 tons, with some 500,000 tons already committed—mainly to Poland, East Germany, and Czechoslovakia. Under a 3-year agreement, Norway will receive 150,000-200,000 tons. Feedgrain exports could reach 230,000 tons and still leave a generous carryover. However, additional quantities would be available for export if stocks are reduced to a normal level. In 1974/75, about half of Sweden's 1.1-million-ton wheat exports went to West Germany and about 150,000 tons to Poland and the German Democratic Republic.

Record Wheat Harvest in Turkey. Wheat production in Turkey during 1975 is now estimated by the U.S. Agricultural Attaché at a record 11 million metric tons, 1.5 million tons above the Attaché's previous estimate and 3.2 million tons higher than the estimated level of output for 1974/75. The record wheat harvest is attributed mainly to ideal weather conditions during the growing season, but better seeds also contributed to increased production. Turkey, with wheat imports of almost 1.1 million tons in the 1974/75 season (June-May), is not expected to import any wheat in 1975/76. With domestic wheat purchases by Turkey's grain procurement agency already at a record level, exports of about 100,000 tons in 1975/76 are a good possibility. This would be only the second year in recent history that this normally large wheat importer would be in a net export position.

India Expects Record Foodgrain Harvest. India's foodgrain production in 1975/76 currently is forecast at 109-113 million metric tons, a total that would exceed the previous record of 108.4 million tons in 1970/71. Indian officials indicate production could reach 114 million tons. This outlook is premised mainly on the excellent kharif crops (fall/early winter-harvested rice, millet, corn, sorghum, and pulses) that are estimated at 67-69 million tons, compared with an estimated 59 million tons in 1974/75.

Good rains in October in many parts of the country have been beneficial for the sowing of rabi crops (late winter/spring-harvested wheat, rice, barley, sorghum, and pulses), output of which is preliminarily estimated at the 1974/75 level of 42-44 million tons. Despite the anticipated record harvest, India expects to import some 6 million tons of foodgrains, primarily from the United States, in 1975/76 (April-March).

GENERAL

Quebec Labeling Compliance Postponed. In Canada, Quebec postponed for "a few weeks" the date (set for January 1, 1976) for complying with the Province's new labeling regulations that require French or French-English text on labels of domestic and imported products (*Foreign Agriculture*, December 1, 1975). The action was taken because of postal delays in receiving comments from Canadians and trading partners.

LIVESTOCK • PRODUCTS

U.S. Quota for Some Canadian Meat Filled. The 17-million-pound U.S. quota on certain imports of Canadian beef and veal was filled on November 12—3 months after the beginning of the 1975/76 quota year. No further imports of Canadian beef and veal will be permitted to enter the United States until August 12, 1976—the start of the next quota year.

U.S. quotas on imports of Canadian beef and veal originated November 20, 1974, with a Presidential Proclamation placing temporary quantitative limitations on imports into the United States of cattle, beef, veal, swine, and pork from Canada. This action was taken under Section 252 of the Trade Expansion Act of 1962, and was in retaliation for restrictions placed on U.S. cattle and beef and veal shipments to Canada.

On August 6, 1975, both countries removed their quotas on live cattle and the United States also removed quotas on swine and pork from Canada. Both countries continue to restrict imports of beef and veal. The Canadian quota limits imports of U.S. beef and veal to 7 million pounds from August 12, 1975, to December 31, 1975.

DAIRY • POULTRY

Canada's Milk Production Up. Encouraged by a milk support price of $11.02 per 100 pounds for quota production of milk for manufacturing purposes, Canadian farmers have sharply increased their production. First-half 1975 output of milk for manufacturing was a tenth above that of a year earlier.

The support price includes a subsidy of $2.66 per 100 pounds, but the net price to the farmer is reduced by a levy the proceeds of which are applied to some of the costs of the dairy program. Currently, the levy for quota milk is 60 Canadian cents per 100 pounds.

Despite the levy, the increasing federal costs of the Canadian dairy program have prompted a governmental review, and the C$275 million federal allocation to the 1975/76 program will be reduced to C$262 million for 1976/77. Unless world dairy markets are firm and prices for nonfat dry milk improve, the net price to Canadian dairymen for NFDM is likely to decline after the current dairy year.

Soviet Cow Herd Up, Milk Output Down. Supporting the belief that the USSR adjustment to the short 1975 grain crop favors maintaining cattle numbers in preference to those of swine or poultry, October cow numbers on farms in the socialized sector were 2 percent above those of a year earlier. Despite the increased numbers, monthly milk production since mid-1975 has been down from that of last year. Prior to mid-year, milk production had been up to the extent that cumulative 1975 output through September was above that of 1974.

Disappointing and/or delayed harvests of forage crops are a factor in the reduced milk output. As of mid-October, acreages harvested of hay, haylage, and silage were all below plan, with respective shortfalls as of that date ranging between 20 and 42 percent.

Soviet Poultry Meat, Egg Output Climbing. Despite tight feedgrain supplies and culling of poultry flocks, the Soviet Government's stated intent to develop its broiler industry, coupled with progress already made in egg production, suggests expansion—rather than contraction—of poultry meat and egg output in the USSR during 1976, the U.S. Agricultural Attaché in Moscow reports. Technological advances on State and collective farms should more than offset the expected downturn in egg production in the private sector. Egg consumption in the USSR during 1970-74 increased from 159 to 205 eggs per capita annually. The Attaché predicts per capita consumption of 215 eggs in 1975 and 225 in 1976.

EC Increases Subsidy on Nonfat Dry Milk. The European Community's export subsidy on nonfat dry milk and other dry milk products of not more than 11 percent butterfat on October 25 was increased from 42.70 to 48.48 units of account per 100 kilograms—the equivalent in Germany of from 26.4 to 27.1 U.S. cents per pound. At the same time, the subsidy on dairy-based animal feeds was increased from 7.6 to 8.7 cents per pound for the least subsidized items and from 19.6 to 22.2 cents per pound for the most highly subsidized items. These subsidies are granted on exports to all destinations except those to the United States and Puerto Rico.

Successive increases in EC export subsidies on dry milk from zero in November 1974 to the current level is indicative of the mounting surpluses within EC countries.

Higher EC Price for New Zealand Butter. The European Community's agricultural ministers have agreed to an 18 percent increase in the guaranteed price of New Zealand butter and cheese exported to the EC under the access provision of Protocol 18. As of January 1, 1976, the import price of New Zealand butter will increase from 90.81 to 107.16 units of account (u.a.) per 100 kilograms. The higher price takes into account rising production and shipping costs that have eroded earlier EC price guarantees for New Zealand dairy products and means higher export returns to the New Zealand dairy industry. In order to prevent a rise in consumer prices in the United Kingdom, the EC levy against butter imports from New Zealand will be reduced by an amount equal to the increase in price. The loss to the U.K. Treasury is estimated at about 28 million u.a.

EC Increases Levy on Dried Eggs. Effective November 9, the European Community's supplementary import levy on dried eggs was once again set at 150 units of account (u.a.) per 100 kilograms. Except for Hungary, Yugoslavia, and Czechoslovakia, the levy had been set at zero from October 19 to November 9. However, in the previous 5 months the levy was 150 u.a. on eggs from all sources. Current import charges in the German market amount to about 83.9 U.S. cents per pound for the supplementary levy, with total charges (variable plus supplementary levy) reaching the equivalent of

US$1.218 per pound.

During 1974, total import charges ranged from 11.7 and 36.1 U.S. cents per pound, whereas during 1975 the range has been between 54 U.S. cents and $1.218 per pound except for the period October 19-November 9 when the supplementary levy was set at zero. The effect has been a 69 percent drop in U.S. exports to the EC during the first 9 months of 1975 compared with the same period in 1974. The recent increase all but precludes further U.S. exports to the EC.

FRUIT • NUTS • VEGETABLES

Australia's Canned Fruit Pack Up. Australian canned deciduous fruit production during the 1975 season was somewhat better than expected, and is now estimated at 8.92 million cases (basis 24×2½). This level reflects an increase of more than 18 percent over the previous year's, and mainly indicates increased availability of peaches. Exceptionally favorable weather conditions helped produce the larger peach crop.

Exports of canned fruits during the first half of 1975 were at the lowest level for some years, and amounted to slightly less than 1.6 million cases. This total compares with exports during the 1974 January-June period of 2.4 million cartons and 1973 shipments of 4.4 million cartons. Reduced demand resulting from economic conditions in European markets, together with currency realinements and higher freight rates, were the main reasons.

Domestic consumption in 1975 is expected to show a slight increase—3.3 million cases compared with 3.2 million cases during 1974. Loss-selling by canners early in 1975 caused a dramatic upsurge in domestic sales in April and May, resulting in stockpiling by consumers. Since late May, retail prices have returned to a more normal level, as has consumer buying.

Stocks at the end of 1975 could reach 3.25-3.3 million cases, over 71 percent higher than the previous year's level. This is attributed to reduced export demand caused by a recovery in production in the United States and Europe at a time when Australian production was better than expected.

Prices paid to growers for canning are determined each season by the Fruit Industry Sugar Concession Committee, and were set 31 percent higher in the 1975 season than in 1974 because of sharply increased production costs.

Japan Sets Quota for Oranges, Tangerines. Japan on October 24 set a global import quota of 3,500 metric tons of fresh oranges and tangerines for the second half of the Japanese fiscal year (October 1975-March 1976). This action brings the total Japanese quota for fiscal 1975 to 15,000 tons —the same quantity allocated in 1974. During the past season, U.S. exports of these fruits to Japan were valued at $6.2 million.

EC Retains Orange, Mandarin Prices. For the 1975/76 season, the European Community Commission has fixed reference prices for sweet oranges, mandarins, clementines, wilkings, and other similar citrus hybrids at the same levels that were in effect during 1974/75. The prices, in units of account per 100 kilograms (1 u.a.=about $1.267): Varietal Group I (Moro and Tarocco) December 1, 1975-March 31, 1976, 18.9; Varietal Group II (Sangunello) January 1, 1975-April 30, 1976, 16.28; Varietal Group III (Biondo Comune) December 1, 1975-April 30, 1976, 9.03; mandarins, clementines, wilkings, etc. (Quality Class I) November 1, 1975-February 29, 1976, 19.74.

Revised Argentine Dried Fruit Pack. Argentina reports 1975 dried fruit production was slightly above earlier estimates. Raisin production totaled 3,500 metric tons and dried prune production 5,500 tons. Comparable 1974 packs were 3,300 tons and 5,500 tons, respectively.

Argentine exports of all dried fruits were sharply lower during January-July 1975, totaling only 332 tons compared with 2,143 tons during the same period a year ago. Export prices have declined and raisins were reported at 24 U.S. cents per pound and prunes at 25 cents, f.o.b. in 10-kilo cartons, during September. Brazil, West Germany, and the Netherlands are the major export markets for Argentine dried fruits.

Netherlands Imports Sweet Texas Grapefruit. First shipment (20,000 boxes) of a new high-sugar/acid ratio Texas grapefruit was unloaded in Rotterdam November 14, and additional imports are scheduled to continue on a biweekly basis. Texas Citrus Exchange, the exporter, hopes to enlarge its share of the Netherlands market with the new brand, which is sweeter than other U.S. or foreign types. Israeli grapefruit, a major U.S. competitor in the West European market, are subject to a preferential European Community tariff of 0.8 percent, compared with a rate of 4 percent on grapefruit imported from the United States.

COTTON

Korea Plans Textile Capacity Increase. The Republic of Korea has approved a plan to establish a new textile concern—the Dongkuk Textile Company. A new plant equipped with 53,040 spindles, supplied by Toyada of Japan, will have an annual production capacity of 4,800 tons of cotton yarn, of which 3,360 tons will be required for manufacture of a fairly wide range of apparel cloth. With completion of the new plant, South Korea will have 18 cotton textile mills.

TOBACCO

U.K. Cigarette Prices Higher. Imperial Tobacco, the largest tobacco manufacturer in the United Kingdom, has again raised prices for its products from ½ to 2 pence, effective November 17. Larger cigar prices remain unchanged. Other British manufacturers are expected to take similar action.

The price increase is the fourth this year, in addition to the very sharp rise in prices that resulted from the higher tobacco taxes provided for in the April 1975 budget.

A pack of standard filter cigarettes that retailed for the equivalent of about 70 U.S. cents less than a year ago now costs nearly $1. King-size filters and nontipped brands are now priced more than $1 per pack.

The higher prices likely will further restrict cigarette sales and, therefore, demand for imported tobacco.

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Turkey's Textile Industry

Continued from page 8

would be idle, new yarn markets would have to be found, or weaving capacity boosted to convert the surplus yarn into cloth, having greater export potential. For this purpose, however, existing weaving facilities would have to be modernized, and an additional 20,000-27,000 conventional looms installed.

In 1973, Turkish yarn stocks fell to minimal levels, making it difficult to meet the domestic demand. As a consequence, the Government reduced the yarn export subsidy from 20 percent to 10 percent. Still the market continued strong, encouraging foreign sales, and the Government began to restrict yarn exports in October 1973 by imposing licensing requirements.

The favorable market conditions for yarn disappeared at the beginning of 1974, pushing the Turkish spinning industry into a crisis. Domestic yarn prices fell nearly 35 percent, paralleling declining demand. The situation worsened toward the end of the year as both domestic and foreign demand continued to drop and labor unions demanded higher wages.

To help ameliorate the situation, and to revive export sales, the Government boosted the yarn export rebate (subsidy) from 10 percent to 25 percent. As yet this has had little effect on the industry because yarn mills are unable to buy cotton on the Turkish market at prices that would permit them to sell competitively.

State-financed cooperatives—purchasers of nearly 80 percent of the 1974 crop at prices far above those on the world market—are permitted to export raw cotton at current prices, but are authorized to supply cotton to domestic mills at prices 6-10 percent below the free local market prices.

Some 80-85 percent of Turkey's yarn exports are presently directed to European Community countries, particularly to West Germany, Italy, Belgium, and Luxembourg. But, the share of Turkish yarn in the EC's total imports was only about 12 percent in 1973. If the steady growth in yarn imports by the EC continues at the current rate, and if Turkey increases its share to 15 percent—a figure believed to be practical—Turkish yarn shipments to the EC in 1977 could reach 40,000 tons. It is also estimated that Turkish yarn shipments to countries outside the EC may reach 20,000 tons in 1977.

A further increase in yarn shipments would be possible only if Turkey's added investment in the spinning sector enables it to undersell its competitors.

U.S. Soybean Exports

Continued from page 4

tries was dampened by unemployment and higher costs of fuel and food, which reduced real incomes.

Looking into the hazy area beyond 1976, some market indicators are emerging. Per capita consumption growth trends for livestock and poultry products in some countries might level off. Whether or not past consumption trends in traditional U.S. markets can be maintained will have a marked impact on future meal consumption growth.

Per capita consumption levels for livestock and poultry products, however, are relatively low in a number of developing countries. Accelerated growth in these markets would help to sustain overall expansion of meal demand.

Any policy change in the EC that would affect the level of agricultural self-sufficiency could significantly affect world markets for oilseeds and grain.

Potato Product Trade

Continued from page 6

french fries are relatively small, owing to a lack of household freezers or refrigerators with adequate freezer space.

The United Kingdom is also a major import market for potato products. U.K. purchases of U.S. potato flakes and granules, for instance, totaled 2.74 million pounds in 1974, making it the second largest market in Europe for such products and the fourth largest worldwide.

On the demand side, potato products are finding acceptance in a host of countries where potatoes themselves were almost unheard of in the past. Rice-oriented Japan, for instance, has witnessed amazing growth in demand for potato products of all kinds, in line with the rise of Western-style cooking in Japan. Frozen french fries are among the fastest growers, reflecting in part the country's burgeoning fast-food industry.

Since Japan lacks both the potato production and the processing capability, any expansion in demand must be met with increased imports—a fact that already has made Japan a leading market for U.S. potato products. Sales of U.S. potato flakes and granules soared from zero in 1969 to 3.14 million pounds in 1974, making Japan the second largest outlet for such products.

Similarly, Japan has become the second largest market for U.S. dehydrated potatoes, with imports climbing from none in 1969 to 1.83 million pounds in 1974.

In view of such trends, processed potato products appear to have a bright future.

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